



TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BUDGET DEEP-DIVE REPORT

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY/INTRODUCTION

Temporary Assistance for Needy Families (TANF) is a federal block grant program that provides funds to states and territories to provide families with financial assistance and related support services. It is designed to assist needy families to achieve self-sufficiency. State-administered programs may include childcare assistance, job preparation, and work assistance. States receive block grants to design and operate programs that accomplish one or more of the purposes of the TANF.

The four purposes of the TANF program are to:

1. Provide assistance to needy families so that children can be cared for in their own homes.
2. Reduce the dependency of needy parents by promoting job preparation, work and marriage.
3. Prevent and reduce the incidence of out-of-wedlock pregnancies.
4. Encourage the formation and maintenance of two-parent families.

The U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF) oversees TANF. Nationwide, TANF provides a basic block grant of \$16.5 billion annually. It also requires states to contribute in the aggregate from their own funds at least \$10.4 billion annually for benefits and services to needy families with children—this is known as the maintenance-of-effort (MOE) requirement.

Questions and Answers Concerning the TANF Program

The Social Services Appropriations Subcommittee had questions regarding TANF. The Utah Department of Workforce Services (DWS), which implements the program for Utah, has provided responses. The questions and responses follow.

LEGISLATIVE ACTION

1. The fiscal analyst recommends that the Department of Workforce Services
 - a. Determine a target amount for the TANF Reserve that could reasonably cover DWS program operations in case of an economic recession.
 - b. Present these findings to the Subcommittee during the 2018 General Session.
 - c. **Agency Response:** “The department can comply with this as written and will work to provide the committee the report if it decides to accept this recommendation.”
2. The fiscal analyst recommends that the Department of Workforce Services present a report to the Office of the Legislative Fiscal Analyst by October 1, 2018 on the services offered under the “Work, Education, and Training Activities” category which will include:
 - a. The costs, both direct and indirect, of each service offered.
 - b. Which services have proven to be the most effective in aiding participants achieve economic self-sufficiency.
 - c. Which services have proven to be the most effective in aiding distinct sub-populations of participants, including:
 - i. Single-parent households

- ii. Individuals who are refugees
- iii. Individuals with substance abuse disorders
- d. **Agency Response:** “For 2a, the department can provide the costs described in a future report. As for 2b could be done, with certain caveats (for example, the department would determine the definition of “economic self-sufficiency” to use). Because of the complexity of data involved and because of the specifics of what “economic self-sufficiency” means is to be determined, the department cannot at this point guarantee statistically valid results would come of the research. It would probably cost \$250,000 and perhaps much more depending on the full scope of the study to be determined. The costs associated with this would probably not qualify for federal funds with existing grants, so General Fund would need to be appropriated. The research would probably require at least 18 months to execute, so the deadline as written would not be reasonable. The department would have to either contract with a research firm or hire personnel to work on this full time. The department does not think 2c could be done. Those sub-populations are too small to get robust estimates of outcomes.

WHAT WE ARE ATTEMPTING TO ACCOMPLISH?

Questions

1. What authorizes delivery/provision of function (statute, intent, rule)?
2. What other activities are undertaken without explicit authority?
3. What alternative government and non-government resources exist that perform similar functions?
Why is the state involved?

The Temporary Assistance for Needy Families (TANF) program is authorized under Title IV-A of the Social Security Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (Pub. L. No. 104-193), and subsequent amendments thereto, and ARRA, and is codified at 42 USC §§601-619. PRWORA was signed into law on August 22, 1996, and required State implementation no later than July 1, 1997. The governing regulations for States are those in 45 CFR §§260–265. State TANF programs are subject to the provisions in 45 CFR §92, the HHS implementation of the A-102 common rule, 2 CFR §225 (OMB Circular A-87) as applicable, and the HHS implementation of 2 CFR §200 at 45 CFR §75, as applicable. TANF replaced the Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills Training (JOBS), and Emergency Assistance (EA) programs.

Utah Code Title 35A-3 contains the general requirement for the Utah Department of Workforce Services (DWS) to administer public assistance programs assigned by the Legislature and the governor and contains provisions for implementing assistance and training programs, including TANF. The TANF program is included in the Federal Funds Request Summary each year which is reviewed by the Social Services Appropriations Subcommittee and the Executive Appropriations Committee and approved by the Legislature (*Utah Code* Section 63J-5-201). The Legislature also approves one-time TANF requests greater than \$1,000,000 over the amount most recently approved by the Legislature for a project or program that will last for a fixed amount of time and is not an ongoing DWS project or program in accordance with *Utah Code* Section 63J-5-103. The Legislature appropriated a total of \$87.2 million in TANF federal funds during the 2014, 2015, 2016, and 2017 General Sessions for one-time purposes. Each of these appropriations of TANF funding was accompanied with intent language which directed the use of TANF funds for specified purposes.

The Temporary Assistance for Needy Families (TANF) block grant provides federal grants to the 50 states, the District of Columbia, American Indian tribes, and the territories for a wide range of benefits, services,

and activities. It is best known for helping states pay for cash welfare for needy families with children, but it funds a wide array of additional activities.

Nationwide, TANF provides a basic block grant of \$16.5 billion. It also requires states to contribute in the aggregate from their own funds at least \$10.4 billion for benefits and services to needy families with children—this is known as the maintenance-of-effort (MOE) requirement. States may use TANF and MOE funds in any manner ‘reasonably calculated’ to achieve TANF’s statutory purpose. This purpose is to increase state flexibility to achieve four goals: (1) provide assistance to needy families with children so that they can live in their own homes or the homes of relatives; (2) end dependence of needy parents on government benefits through work, job preparation, and marriage; (3) reduce out-of-wedlock pregnancies; and (4) promote the formation and maintenance of two-parent families.

“Though TANF is a block grant, there are some strings attached to states’ use of funds. Most TANF requirements apply to families receiving cash assistance (essentially cash welfare). Families must be financially needy and have a minor child to qualify for assistance; states determine the exact financial eligibility rules and benefit amounts. Some families have eligible children but the adults who care for their children are ineligible for assistance. These are termed ‘child only’ families because benefits are paid only on behalf of the children. States must meet TANF work participation standards or risk a reduction in their block grant. The law sets standards stipulating that at least 50% of all families and 90% of two-parent families be ‘engaged in work.’ Some families receiving TANF assistance are excluded from the calculation. Additionally, these statutory standards are reduced by credits for caseload reduction and state spending in excess of what is required under the TANF MOE. These credits and the effective (after credit) participation targets vary by state and year. Activities countable toward a family being counted as “engaged in work” are focused on employment or working off the cash benefit, or are intended to rapidly attach welfare recipients to the workforce; education and training is countable, but limited.” (Falk 2016, pg. 2.)

In the State of Utah, the Department of Workforce Services (DWS) is the recipient agency for the TANF grant. The Utah cash assistance program is known as the Family Employment Program or FEP. FEP is administered internally through the DWS Workforce Development Division (WDD). There are two components to WDD: Operations and Program/Policy/Training. While there are many services for families in the state, FEP is the only cash assistance program designed to be a safety net to the neediest families in poverty. Currently, there are no state-funded cash assistance programs for families with children. The state-funded portions fall under the Maintenance of Effort requirement as described above.

“TANF work participation rules and time limits do not apply to families receiving benefits and services not considered ‘assistance.’ Such benefits and services include child care, transportation aid, activities to reduce out-of-wedlock pregnancies, activities to promote marriage and two-parent families, and activities to help families that have experienced or are ‘at risk’ of child abuse and neglect.” (Falk 2016, pg. 2)

Per a report titled “Utah TANF Spending” written by the Center on Budget and Policy Priorities (CBPP), for every 100 poor families with children in Utah, only 9 received TANF cash assistance in 2015, down from 24 in 2001. During that time, Utah slashed its spending on basic assistance, even as the number of families with children below 50 percent of the poverty line increased (pg. 2). Also included in the report was the following table illustrating the decreased spending in basic assistance and the slight increase in spending on work activities.

Share of Utah’s Federal and State TANF Spending on Core Welfare Reform Activities

	2001	2015
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Basic Assistance	46%	21%
Work Activities	28%	30%

Compared to neighboring states such as Idaho and Wyoming who spend 18% and 17%, respectively, on basic assistance, Utah is closer to the national average of 25%. The national average for spending on work activities is 7%. These statistics are based on 2015 estimates.

As mentioned previously, FEP is the cash assistance program in Utah. All states are required to administer cash assistance to their citizens. States have the flexibility to determine eligibility income limits and grant amounts, but are mandated by TANF regulations to require work participation from all TANF recipient parents and to report on the rate of work participation yearly. DWS administers FEP internally through employment counselors, support staff, and clinical/mental health staff that provide short term mental health intervention when needed. To get cash assistance through FEP, a family must have an eligible child (under 18) in the home.

The benefits and services that Falk describes as not being subject to work participation requirements are called TANF needy family services. The needy family services must meet one of the four purposes of TANF and be targeted to serve needy families that fall within an income level determined by the state. In Utah, the TANF state plan allows for TANF needy family services to be provided to families up to 300% of the federal poverty level (FPL); however, most TANF needy family services are contractually capped at 200% of the FPL. TANF funded grants between state agencies and other community service providers fall within the scope of TANF needy family services. Depending on the TANF purpose, a family must show that there is an eligible child (under 18) in the home to receive TANF needy family services.

Currently, there are no alternative government or non-government programs in Utah that provide similar services, particularly cash assistance. There may be other social service programs that align with the TANF purposes, and TANF funds are used to supplement some existing services, but for the most part, TANF provides funding opportunities for gaps that exist in the community to help families become self-sufficient.

References

1. Falk, G. (2016). The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements. *Congressional Research Service*.
2. Falk, G., & McCarty, M., & Aussenberg, R. (2014). Work Requirements, Time Limits, and Work Incentives in TANF, SNAP, and Housing Assistance. *Congressional Research Service*.
3. Center on Budget and Policy Priorities. (2017). [State Fact Sheets: How States Have Spent Funds Under the TANF Block Grant](#).

HOW WE ARE ORGANIZED

QUESTIONS

4. What organizations are associated with this function?
5. What are the missions of the organizations associated with that function?
6. What outcomes are achieved by the organization associated with this function?
7. What data is collected/reported to document/demonstrate progress toward the outcomes?
8. How are appropriations structured to accomplish this function?

9. In what units of measure are outputs reported, how and why have those outputs changed over time?
 10. Are performance measures meaningful and how is management assuring such?
 11. What kind of external variables impact the organization/function and what is the status of those variables?
 12. Are there standards (industry, national, other states, etc.) for output or output per unit of input? How do they compare to this?
 13. To whom is performance data reported?
 14. What decisions are based on reporting data?
 15. How might you recommend the authorization, mission, or performance measurement change?
4. What organizations are associated with this function? - Within DWS, coordination happens across divisions for the administration of FEP and TANF needy family services. There are TANF funded contracts to serve needy families that are administered in the Office of Child Care, the Refugee Services Office, the Housing and Community Development Division, as well as community-based TANF funded services. There are several interagency partnerships that were established to help needy families. Some examples would be System of Care under the Utah Department of Human Services (DHS), Home Visiting under the Utah Department of Health (DOH), and Parenting and Relationship classes through Utah State University (USU).
 5. What are the missions of the organizations associated with that function? - The mission of DWS is to strengthen Utah's economy by supporting the economic stability and quality of our workforce. Per their website, the mission of DHS is to "provide Utahns assistance to live safe, healthy and successful lives. We fulfill this mission by providing children, youth, families and adults care, services and treatment to thrive in their homes and communities." Most organizations funded with TANF have similar missions--to provide services to families that are designed to lead to self-sufficiency.
 6. What outcomes are achieved by the organization associated with this function? - One of the main outcomes we track, regardless of the service being provided, is employment outcomes. We utilize a model called Results Based Accountability for outcome indicators that can be tracked by answering this series of questions - How much did we do? How well did we do it? Is anyone better off? This model was incorporated in recent years. It is still being refined and reviewed to ensure that we are capturing the outcomes we'd like to see based on the types of services being provided. FEP outcomes are measured by work participation rates and positive closures. Positive closures are defined by an increase in income whether a person went from zero income to employment or experienced an increase in wages, or obtained unearned income through disability or child support.
 7. What data is collected/reported to document/demonstrate progress toward the outcomes? - All services, whether internal to DWS or contracted out, are required to gather outcomes. The outcomes are specific to the services being provided. For example, financial education and asset building measures attitudes and behaviors around budgeting and credit. It also measures behavior changes like establishing a checking or savings account, contributing to an existing savings account, or pulling a credit report to repair it. Another example would be basic technology services. How many people successfully completed the program and what did they transition to doing after the program was complete? Was it employment? Training/education? Certification programs? The bottom line is that all the services, regardless of what they are, need to meet a purpose of TANF and show that there is a link to employment and eventual self-sufficiency. During the grant/contract negotiation process, the grantee is required to propose unique outcomes specific to the service intended to be provided. DWS requires outcomes to be reported on a quarterly or biannual basis

(depending on what makes sense in terms of frequency of services, measurement tools being utilized, etc.) in addition to an annual report that is due at the end of each year of the contractual period. Gathering outcomes in this way is new. The process of evaluating the data is ongoing and continuously being improved.

8. How are appropriations structured to accomplish this function? - Effective in federal fiscal year 2015, all states were required to adhere to a new expenditures report template known as the 196R. The 196R template breaks out the line items for expenses typically associated with TANF funding. It also provides definitions for each reporting line item. As the recipient agency, DWS has the responsibility of reporting these expenditures on a quarterly basis through the federal reporting system known as the Online Data Collection system. All expenditures, whether agency driven or otherwise, are captured under one of these line items.
9. In what units of measure are outputs reported, how and why have those outputs changed over time? - As mentioned previously, the FEP program is measured on a federal level based on work participation. "States determine the activities for individual recipients. However, only participation in 12 activities counts toward the state performance measure: unsubsidized employment, subsidized private sector employment, subsidized public sector employment, on-job training, job search and readiness, work experience, community service, vocational educational training, job skills training, education directly related to employment, completion of secondary school, providing child care to a community service participant...States must engage individuals for a minimum number of hours per week to be credited with participation. Minimum hours depend on family type. Single mothers with preschool children must participate at least 20 hours per week for the state to be credited for her participation." (Falk, McCartney & Aussenberg, 2014, pg. 12)

These output measures have not changed since the inception of TANF in 1996. However, the outcomes (work participation rate, positive closures, etc.) fluctuate based on several factors such as state of the economy, unemployment rates, and common barriers such as mental health, substance abuse, and incarceration. For TANF needy family services, the outputs are specific to the services being provided and the outcomes are measured against those.

10. Are performance measures meaningful and how is management assuring such? - The performance measures are designed to help identify the quantity and quality of services provided as well as the effect of the services on those being served. The assurance is in the measurement tools utilized, the data reports being collected and the success stories shared.
11. What kind of external variables impact the organization/function and what is the status of those variables? - Because TANF is a federal block grant it is impacted by congressional decisions. TANF has been operating under continuing resolution since 2013. Minor budget adjustments were made this year that reduced states' grants by 0.33% beginning in state fiscal year 2018. More cuts may be seen in the coming years based on proposed legislation introduced in Congress.

When Congress fails to pass a budget resolution and the federal government is forced to shut down, states rely on any TANF reserve funding they are able to preserve to keep program operations running until a resolution is reached. Other impacts may include economic downturn. In 2008, during the Great Recession, the state saw FEP cases double in size. The need for cash assistance was the greatest the state and the nation had seen since TANF became the new welfare law in 1996. In 2012, Utah began to recover from the recession and saw caseloads decline again as the unemployment rate declined.

State laws and legislative appropriations may also have varying effects on the state's TANF program. For example, the Legislature passed drug screening as a requirement in 2012 for FEP applicants. From 2014 through the most recent 2017 legislative session, the Legislature appropriated over \$87 million in TANF funds to programs in the community that met TANF purposes. This amount of spending has diminished the TANF reserve, potentially limiting the ability for DWS to carry on program operations in the event of a federal government shutdown or economic downturn.

The fiscal analyst recommends that the Department of Workforce Services

- (1) Determine a target amount for the TANF Reserve that could reasonably cover DWS program operations in case of an economic recession.*
- (2) Present these findings to the Subcommittee during the 2018 General Session.*

12. Are there standards (industry, national, other states, etc.) for output or output per unit of input? How do they compare to this? The federal requirement for work participation is 50%, meaning 50% of the FEP caseload must be participating according to the countable activities outlined in federal TANF regulations. To assist states, the federal governing agency allows a caseload reduction credit for any time a state's TANF caseload declines due to reasons other than self-imposed law or policy changes. The idea is that reduced caseloads mean people are moving off assistance and into employment. A formula is calculated and a percentage is given to states that reduce their caseloads in a given year. That percentage is added to the work participation rate and must be at least 50% total to be in compliance. These standards are specifically for cash assistance programs. There are no federal output standards for TANF needy family services.
13. To whom is performance data reported? - The Administration for Children and Families (ACF), a component of the U.S. Department of Health and Human Services (HHS), administers the TANF program on behalf of the Federal Government. There are several reports required by law to be submitted to ACF. Reports include Work Participation reports, quarterly caseload data, caseload reduction reports, and annual MOE reports. In addition, we share work participation rates and positive closure rates with the Legislative Fiscal Analysts each year.
14. What decisions are based on reporting data? - There is ongoing national debate about the value of work participation-based programming because of its focus on processes rather than actual outcomes. In Utah, we report on work participation per the standard requirements outlined by the TANF federal regulations, but we also track employment outcomes to determine successful transition of our participants to employment. Based on the data we see, decisions around case management practices and processes are enhanced or refined to meet the needs of participants. Recently, DWS implemented a family focused approach to case management. Employment counselors were trained on various skills such as motivational interviewing, being trauma-informed, how to engage effectively with families, and building good relationships. Data is also considered when determining gaps in services and when TANF can be utilized to fill those gaps.
15. How might you recommend the authorization, mission, or performance measurement change? - Our recommendation has always been to transition from process measures to performance measures for TANF cash assistance programs. The current work participation requirement is outdated and does not paint an accurate picture of success when families move from being on assistance to employment and independence. This is evident in the discrepancies between work participation

rates and positive closures. Our average positive closure rate from the current fiscal year to date is 78% while the work participation rate has been in the high teens/low twenties percentage range.

These changes have been proposed on varying levels of Congress, but no major changes have occurred. There have been efforts to reauthorize TANF in recent sessions of Congress, but TANF continues to operate on continuing resolution. In 2015, several TANF bills were proposed as piecemeal changes to try and move TANF initiatives forward. A bill that reduces states' block grants by 0.33% and goes to fund a research clearinghouse for states to use as a hub for learning and implementing best practices passed this year.

WHAT WE'RE BUYING

TANF expenses totaled \$85,107,316 in state fiscal year 2016. The TANF expenses are broken out by category in the pages below with accompanying explanations.

Questions

16. What is the largest category of expenditure for an organization and how big is it? -
17. How does this expenditure support the above justification/authorization? - What is that category of expenditure buying (how many/cost per unit)?
18. How does the above relate to units of output?
19. How has the expenditure changed over five years relative to the units of output?
20. Are there any outliers/anomalies in current or budgeted spending in this category?
21. Does the amount of expenditure for a category change significantly in accounting period 12 or 13? Why?
22. How might you recommend this expenditure category change based on the above?

WORK, EDUCATION, AND TRAINING ACTIVITIES

FY 2016 expenses: \$33,791,564

Work, Education, and Training Activities is defined as:

- Subsidized Employment: payments to employers or third parties to help cover the costs of employee wages, benefits, supervision, or training. Also, includes costs for subsidizing a portion of the participant's wage to compensate an employer for training costs.
- Education and Training: education and training activities for TANF participants, including secondary education; adult education, high school diploma/equivalent and ESL classes; education directly related to employment; job skills training; education provided as vocational educational training or career and technical education; and post-secondary education. Education and training activities are a Federal Countable Activity that contributes to Utah meeting the required Federal Work Participation Rate. This is a fundamental activity of the Family Employment Program with the goal of assisting populations most at risk, under-skilled, and unemployed to obtain employment.
- Work Activities: work activities that are not subsidized employment or education and training. Includes costs related to providing work experience and community service activities, job search assistance, job readiness, and related services (employment counseling, coaching, job development, information and referral, and outreach to business and non-profit community groups). Work Activities are a Federal Countable Activity that contributes to Utah meeting the required Federal Work Participation Rate.

TANF non-FEP services for unemployed or underemployed individuals with an eligible dependent needing training to obtain marketable skills leading to employment resulting in self-sufficiency helps individuals who are not income eligible for FEP but are still under-employed and eligible under TANF.

Outcomes -

Positive Case Closure Rate

Target: 70%

The rate of clients who find employment and move off TANF cash assistance.

This measure highlights the effectiveness of the program in providing temporary assistance which leads to a positive closure.

FY 2013	56%
FY 2014	62%
FY 2015	74%
FY 2016	79%

Due to the substantial portion of TANF Funds allocated to Work, Education, and Training Activities, the fiscal analyst recommends that the Department of Workforce Services present a report to the Office of the Legislative Fiscal Analyst by October 1, 2018 on the services offered under the "Work, Education, and Training Activities" category which will include:

- (1) The costs, both direct and indirect, of each service offered.*
- (2) Which services have proven to be the most effective in aiding participants achieve economic self-sufficiency.*
- (3) Which services have proven to be the most effective in aiding distinct sub-populations of participants, including:*
 - i. Single-parent households*
 - ii. Individuals who are refugees*
 - iii. Individuals with substance abuse disorders*

BASIC ASSISTANCE

FY 2016 expenses: \$21,243,081

Basic assistance is cash and other forms of benefits designed to meet a family's ongoing basic needs (e.g., food, clothing, shelter, utilities, household goods, etc.). The Family Employment Program (FEP) is funded from this category and provides minimal cash assistance to families with children who are living in poverty. This category of expenditures is mandated and prescribed under TANF regulations.

Outcome Data for FEP:

April 2017

Average Household Size - 2.3 individuals

Average Monthly Benefit Amount - \$410

Total FEP Closures (05/01/16 - 04/30/17) = 3,700

Total FEP Income Closures (05/01/16 - 04/30/17) = 2,474 (66.9%)

SERVICES FOR OLDER CHILDREN & YOUTH

FY 2016 expenses: \$8,342,926

Services for Children and Youth: programs designed to support and enrich the development and improve the life-skills and educational attainment of children and youth. This may include after-school programs, and mentoring or tutoring programs. The state currently invests TANF funding in teen afterschool programs. These grants are administered through the DWS Office of Child Care (OCC). The Child Care and Development Fund (CCDF) cannot be used to fund programs for children over 12; therefore, TANF is the only available funding source for teen afterschool programs serving low-income and at-risk youth.

In Utah, Afterschool Quality Improvement TANF contracts fund 19 organizations at 24 teen afterschool program sites serving low-income and at-risk youth. Programs are being funded to: (1) support academic achievement; (2) offer enrichment and recreation opportunities; (3) provide prevention and education programming; (4) collaborate with other public and/or private entities; (5) incorporate parental and family involvement; (6) provide professional development and training for staff and volunteers; and (7) adhere to quality, safety, data and reporting expectations as designated by OCC. Sites must provide programming for youth from a minimum of two of the following areas: addiction prevention, youth violence and gang prevention, pregnancy and STI prevention, civic engagement, education and career readiness, emotional intelligence and self-concept, financial literacy, healthy relationships, physical activity and nutrition, and positive interpersonal relationships.

In state fiscal year 2016, 4,979 teens participated in programs funded by Afterschool Quality Improvement: 1,786 teens participated in High School Youth Support Grant services, 3,087 youth participated in Safe Passages after school programs, 2,098 youth were served under STEMLink After School grants, and 876 youth were served in Summer Youth Programs.

All the participating teens received academic support and prevention and skill building education from evidence based curriculum. All program staff received over 20 hours of professional development and training. Afterschool staff provide better learning opportunities and create better relationships with youth when they receive ongoing, high quality training and support. Afterschool programs provide over 525 hours of support to youth during the school year.

ADMINISTRATIVE COSTS

FY 2016 expenses: \$6,488,323

Costs that are necessary for the administration of the TANF program, including salaries and benefits of staff performing administrative and coordination functions; activities related to eligibility determination; preparation of program plans, budgets, and schedules; program monitoring; and other program costs such as supplies, equipment, travel, etc., that are not directly used to provide services. States may not use more than 15 percent of the total amount of countable expenditures for the fiscal year for administrative activities. Based on the nature or function of the contract, states must include appropriate administrative costs associated with contracts and subcontracts that count towards the 15 percent administrative cost caps. DWS spends 7 to 9 percent of the total amount of TANF countable expenditures for administrative activities.

SUPPORTIVE SERVICES

FY 2016 expenses: \$4,616,980

Supportive Services includes services such as domestic violence services; mental health, substance abuse, and disability services; housing counseling services; and other family supports. A state may not use federal TANF funds on expenditures for medical services.

In Utah, Licensed Clinical Therapists (LCTs) provide clinical services to our families participating in the FEP program. The LCTs provide short term mental health and crisis intervention for families, teach psychoeducational workshops, provide staff training, and staff cases with employment counselors and supervisors to determine FEP customers' mental health needs. LCTs also administer the Substance Abuse Subtle Screening Inventory (SASSI) and assessments for customers scoring at a high probability for drug or alcohol addiction. This also includes the \$1,000,000 distributed statewide to provide mental health treatment through fee-for-service contracts.

Through wave studies of the FEP program conducted by University of Utah's Social Research Institute (SRI) over the years, we have found that many of the families, particularly parents, who enroll in the FEP program have experienced trauma or some other type of adverse experience that has contributed to their situation and need for public assistance. The LCTs help evaluate the needs of these customers and refer them to the appropriate services when needed. The LCTs are also required to screen for potential domestic violence. The LCTs are a critical part of the FEP program. It is a model that incorporates mental health services into a family employment plan to ensure that families are connected to all resources needed to be successful.

In 2016, Mental Health Services were provided to 2,284 TANF/FEP eligible individuals. These services were provided by our licensed clinical therapists. The types of mental health services include full clinical evaluations, individual therapy, consultations during the activity review process and reaching time limits and clinical monitoring of services provided by contractors and Medicaid.

FATHERHOOD AND TWO-PARENT FAMILY FORMATION AND MAINTENANCE PROGRAMS

FY 2016 expenses: \$2,765,905

Fatherhood and two-parent family formation and maintenance programs aim to promote responsible fatherhood and/or encourage the formation and maintenance of two-parent families. Activities within this category may include marriage education, marriage and relationship skills, fatherhood skills programs; parent skills workshops; public advertising campaigns on the value of marriage and responsible fatherhood; education regarding how to control aggressive behavior; financial planning seminars; and divorce education and reduction programs.

Fatherhood and two-parent family formation and maintenance program activities are a federal countable activity that contributes to Utah meeting the required Federal Work Participation Rate. One of the fatherhood and two-parent family formation and maintenance programs that DWS participates in is partnering with Utah State University (USU) Cooperative Extension to offer relationship education in select DWS locations, communities, and schools.

Outcome Highlights based on USU's most recent semi-annual report:

Staffing and Training

- Fourteen educators served 13 Utah counties. Seven were employed part-time; seven were employed full-time.
- Two professional development opportunities were hosted with the curriculum developers. A *Parenting the Love and Logic Way™* training was held in Salt Lake City. Another training in Logan covered *PICK* and *Links*.

Service Provision

- Three research-based, healthy relationship curricula were offered. *PICK* is for singles, *LINKS* for those in committed relationships, and *Parenting the Love and Logic Way™* for parents.
- Courses were offered throughout the state (Logan to St. George) in high schools, DWS offices, and community agencies.
- In this 6-month reporting period, a total of 5,633 people participated in courses across the three curricula. This brings the total number served under this contract to 21,673.

Course Efficacy

- Quantitative and qualitative analyses of survey data continue to indicate statistically significant improvements in each key course concept.
- Survey results continue to indicate very high levels of participant satisfaction with each course.

NON-RECURRENT SHORT TERM BENEFITS

FY 2016 expenses: \$1,696,360

Non-recurrent short-term benefits to families in the form of cash or similar forms of payment to deal with a specific crisis or episode of need. This category includes expenditures such as emergency assistance and diversion payments, emergency housing and short-term homelessness assistance, emergency food aid, short-term utilities payments, burial assistance, clothing allowances, and back-to-school payments.

In Utah, the best example of non-recurrent short-term benefit expenditures is the TANF funding that goes toward rapid rehousing services for families facing eviction or who are already homeless. One of the fundamental purposes of TANF is to provide assistance so that children can be cared for in their own homes. This funding is critical to preventing homelessness and providing rapid rehousing services for families that need this temporary assistance. This assistance allows families to maintain their housing and stability for their children or help them to rapidly come out of homelessness. It pays for rent, deposits, applications, back pay to avoid eviction, and utilities. A competitive grant process is administered every 3 years and local homeless service providers compete for funding to administer a rapid rehousing program. The intent is to provide the housing resource statewide and to ensure that in addition to housing assistance, the family is working with an employment counselor to find employment or increase their wages to achieve stability on their own.

This limited amount of funding goes to serve counties all over the state including Salt Lake, Tooele, Iron, Beaver, Washington, Summit, Utah, Wasatch, Box Elder, Davis, Morgan, Weber, Uintah, Daggett, Duchesne, Rich, Cache, Carbon, Emery, Grand, San Juan, Sevier, Piute, Wayne, Millard, and Sanpete. The case management portion of the rapid rehousing contracts requires contractors to connect their case managers

with rapid rehousing Employment Specialists with DWS to ensure that families served with rapid rehousing have an employment plan in place.

Since April 2015, over 1,400 families have been served in the rapid rehousing program. Of the families that were served, over 530 families have maintained their housing.

Another example of non-recurrent short-term benefit expenditures is diversion where persons with the prospect of employment or other sources of income are offered job placement assistance, a financial payment of 3 months to meet immediate needs, child care, and other employment related supportive services. Continued case management is available to provide continued support and reduce recidivism. The positive results are that few families that get diverted from cash assistance end up enrolling in FEP. It serves the purpose of diverting families from being on cash assistance.

FAMILY SUPPORT/FAMILY PRESERVATION/REUNIFICATION SERVICES

FY 2016 expenses: \$1,377,379

Family support/family preservation/reunification services are community based services provided to families that are designed to increase the strength and stability of families so children may remain in or return to their homes.

In Utah, family preservation includes short term, family focused services designed to assist families in crisis by improving parenting and family functioning while keeping children safe. The targeted population served is TANF eligible families in need of crisis intervention and family preservation strategies to stay intact and keep children safe. The objective is to help families remain together and parents retain employment to support their families.

From 2014-2016, over 800 families received services. The average number of days in a program was 123 with over 700 families reported to have remained together.

PRE-KINDERGARTEN/HEAD START

FY 2016 expenses: \$1,154,340

Includes pre-kindergarten education programs (if they do not meet the definition of a “general state expense”), expansion of Head Start programs, or other school readiness programs.

DWS has TANF contracts in the community that provide pre-k services. The targeted population included pre-k aged children in need of social, emotional, and educational development to be ready for kindergarten. The children also had to be at-risk or low income. The objective was that these children would be kindergarten ready and that parents would be more engaged in their child’s schooling.

More than 530 families were served from 2014 to 2016; 372 of those children were determined kindergarten ready. 372 was also the number of parents that showed engagement in their child’s kindergarten preparation.

During the 2016 legislative session, the Legislature appropriated \$33 million in TANF to go toward high quality school readiness (pre-k) programs.

PREVENTION OF OUT-OF-WEDLOCK PREGNANCIES

FY 2016: \$777,218

Prevention of out-of-wedlock pregnancies programs provide education in an effort to reduce out-of-wedlock pregnancies. The focus under these services is to educate the community, youth in particular, about the consequences of engaging in premature sexual activity. From 2015 to 2016, approximately 1,575 youth were served in programs with a focus on preventing out of wedlock pregnancies. 367 of those individuals reported increased awareness of consequences of out of wedlock pregnancy and 1,150 reported ability to apply strategies learned.

SYSTEMS

FY 2016 expenses: \$764,558

Includes information technology and computerization costs that are attributable to the TANF program. A portion of the costs for the eligibility system at DWS known as the Electronic Eligibility and Resource Product (eREP) and the comprehensive case management system known as the Utah Workforce System (UWORKS) are allocated to TANF using the methodology in the DWS cost allocation plan.

FINANCIAL EDUCATION & ASSET DEVELOPMENT

FY 2016 expenses: \$698,382

DWS supports financial education and asset development for families and individuals on public assistance. DWS has been partnering with AAA Fair Credit Foundation to provide budgeting and credit repair workshops in our employment centers in Salt Lake County. We utilize the University of Utah's Social Research Institute (SRI) to evaluate the workshops provided through pre/posttest surveys that includes a qualitative data component.

The most recent evaluation report stated "Financial workshops provide empirically-informed education, materials, and resources designed to increase positive financial knowledge and skill. Workshop programming was piloted for one year prior to funding and demonstrated effectiveness in increasing customer knowledge & skill. Two topics are offered: Budget ('Spending Plan') and Credit. At the beginning of the project, workshops were offered exclusively at DWS offices. Since then, workshop programming has additionally expanded to locations with Housing Authority of the County of Salt Lake (HACSL) and Community Action Partnership of Utah (UTCAP). Workshops are typically offered three times per week. Workshops were piloted for a year prior to the current project. To gather data on program effectiveness, customers can complete surveys before and after the workshop; participants may also opt-in to a follow up survey two months after workshop completion. Results from these surveys demonstrate statistically significant change in critical indicators, and high satisfaction with services."

A very short synopsis of the larger outcomes report from April 2017 states -

Credit and Budgeting Workshops

- 40 customers served in April (1,162 life-of-project)
- Observed improvement in:
 - Knowledge of how to access, understand, and correct credit reports
 - Understanding of high-risk loans (e.g., payday) and how to prevent identity theft
 - Ability to create a budget
 - Financial stress and confidence

ADDITIONAL CHILD WELFARE SERVICES

FY 2016 expenses: \$394,525

Includes other services provided to children and families at risk of being in the child welfare system, or who are involved in the child welfare system, including legal services or activities.

DWS contracts with the Utah Legal Services (ULS) to provide expungement assistance to parents on FEP who have a legal background that may be a barrier to employment. In addition, we have employment counselors who work with Adult Probation and Parole to help these individuals find employment through strategies designed to help with background issues.

An additional grant was awarded to Utah Legal Services and Cottages of Hope to serve parents outside of the FEP program, but that still qualify under TANF Needy Family eligibility.

From 2015 to 2016, more than 200 received expungement services with 56% receiving a favorable decision such a felony expungement, a misdemeanor expungement, or a reduction in charges.

HOME VISITING PROGRAMS

FY 2016 expenses: \$357,665

Includes expenditures on programs where nurses, social workers, or other professionals/paraprofessionals provide services to families in their homes, including evaluating the families' circumstances; providing information and guidance around maternal health and child health and development; and connecting families to necessary resources and services.

DWS currently contracts with Salt Lake County to provide Nurse Family Partnership home visiting services to needy families, including first time moms. Nurses assist in growth, development, and nutrition resources for these families.

Total number of families served: 153

Number of families currently being served: 101

Change in maternal smoking and alcohol use during pregnancy:

Smoking:

- At pregnancy intake: 9.3%(10) of clients reported smoking.
- At 36 weeks: 6.5%(7) of clients reported smoking, reduced 30%

Alcohol Use:

- At pregnancy intake: 0.9% of client (1) reported maternal alcohol use during pregnancy.
- At 36 weeks: 0%, reduced 100%

Change in experienced violence reported during pregnancy:

- At pregnancy intake: 0% of clients experiencing violence during pregnancy.
- At 36 weeks: 0%, remains the same.

Premature birth by race/ethnicity

- 7.5%(8) premature birth. Of these 8 clients, 6.8%(3) Hispanic, 8.5%(5) non-Hispanic, 30.8%(4) Asian or Pacific Islander, 6.2%(4) white.

Premature birth by maternal age

- 7.5%(8) total premature birth. 11.5%(3) with maternal age 18-19, 7.9%(3) with maternal age 20-24, 8%(2) with maternal age 25-29.

Low birth weight by race/ethnicity

- 9.8% (11) total infants with low birth weight. Of these 11 infants, 13.1%(8) non-Hispanic, 6.2%(3) Hispanic, 38.5%(5) Asian or Pacific Islander, 8.6%(6) white.

Low birth weight by maternal age

- 9.8% (11) total infants with low birth weight. 3.8%(1) with maternal age 18-19, 9.5%(4) with maternal age 20-24, 24%(6) with maternal age 25-29.

Occurrence of breastfeeding initiated

- 96.4%(96) breastfeeding initiation
- 42.6%(20) still breastfeeding at 6 month
- 40%(2) still breastfeeding at 12 month

Immunization Status

- 93.8%(45) up-to-date at 6 months
- 100%(5) up-to-date at 12 months

Lead exposure

- 20%(1) tested for lead exposure at 12 months

Developmental screening

- At 4 months, 89.2%(66) screened, 7.6%(5) indicated need for referral.
- At 10 months, 91.7%(11) screened, 0% indicated need for referral.

Social and Emotional Screening

- At 6 months, 93.8%(45) screened, 0% indicated need for referral
- At 12 months, 100%(5) screened, 0% indicated need for referral

Use of emergency room

- 7.9%(8) use emergency room services

Child Injuries

- 0% No infant had an injury

Subsequent pregnancy--6 months postpartum --2%(1), 12 months postpartum--(0),18 months postpartum--(0), 24 months postpartum--(0)

ASSESSMENT/SERVICE PROVISION

FY 2016 expenses: \$336,176

Includes costs associated with screening and assessment, including substance abuse screening.

As a result of HB 172 (2016 General Session), the substance abuse determination process has changed. The substance abuse screening questionnaire is now administered after FEP approval, issuance, and enrollment, rather than FEP applicants taking the screening questionnaire as a condition of eligibility. FEP customers who have results that indicate a high probability of a substance abuse disorder are required to meet with a licensed clinical therapist (LCT) and participate in a substance abuse evaluation. The LCT determines the appropriateness of drug testing based on the substance abuse evaluation. If the customer is determined appropriate for drug testing, the process continues as it was established under HB 155 (2012 General Session).

DWS had a blend of the old process (HB 155) and the new process (HB 172) through October 31, 2016. Effective November 1, 2016, all customers who opened FEP were subject to the new process.

Since implementation of HB 172 requirements, non-compliance sanctions have reduced. This is due to the automation of the registration process along with an increase of contact by employment counselors and LCTs to assist customers in being compliant with the process.

November 2015 through May 2016 Non-compliance Sanctions = 86

November 2016 through May 2017 Non-compliance Sanctions = 53

CHILD CARE

FY 2016 expenses: \$213,020

TANF funds are used to pay child care expenditures for families that need child care to enable them to work, participate in work activities (such as job search, community service, education, or training), or for respite purposes. This includes child care provided to families who receive child care during a temporary period of unemployment. The amounts reported in this category do not include TANF funds transferred to the Child Care and Development Fund (CCDF).

Participants receive child care when participating in required activities that lead to employment, as determined by the customers' employment counselor. Recent changes to the CCDF program have prompted an increase in TANF spending on childcare for families on FEP. In SFY 2016, more than 1,100 families received FEP child care services through DWS.

WORK SUPPORTS

FY 2016 expenses: \$88,914

Includes transportation benefits provided to help families obtain, retain, or advance in employment, participate in other work activities, or as a non-recurrent, short-term benefit. It also includes goods provided to individuals to help them obtain or maintain employment that do not meet the definition of "assistance".

Families on the FEP program may receive work support assistance in the form of uniforms, license fees, bus passes, or auto repairs to help eliminate barriers to employment. They may receive these benefits up to 24 months after exit from the program during a period we call 'extended case management'.

HOW WE ARE PAYING FOR IT?

Questions

24. What is the largest fund or account from which resources are drawn to support the above expenditures and how big is it?
25. What are the revenue sources for that fund or account and what are their relative shares?
26. Is the source one-time or ongoing and do ongoing sources match or exceed ongoing expenditures?
27. How has the source changed over time relative to expenditures and units of output?
28. Are there any outliers/anomalies in current or budgeted periods for this source?
29. Does source have unencumbered balances that relate directly to this function/organization? How have those balances changed over time?
30. What is a reasonable balance and Why?
31. Is the availability of sources (grants or previous "building blocks"), rather than mission or objective, driving expenditures?
32. Are other sources available to support the same expenditure?
33. How might you recommend this revenue category change based on the above?

To be eligible for the TANF block grant, a State must periodically submit a State plan containing specified information and assurances. Following ACF review of the State Plan and determination that it is complete, ACF awards the basic "State Family Assistance Grant" (SFAG) to the State using a formula allocation derived from funding levels under the superseded programs (AFDC, JOBS, and EA). The SFAG is a fixed amount to the State subject to reductions based on any penalties assessed. In addition, amounts may be adjusted based on separate Federal funding of counterpart Indian Tribal programs within the State. The TANF grant amount awarded to the State of Utah has remained consistent over the past five years. Minor budget adjustments were made this year that reduced states' grants by 0.33% beginning in state fiscal year 2018.

The Federal TANF block grant program also has an annual cost-sharing requirement, known as maintenance-of-effort (MOE). The basic MOE requirement for TANF is 80 percent of the State's historic state expenditures (42 USC §609(a)(7)(B); 45 CFR §263.1(a)(1)-(2)). However, if the state meets minimum work participation rates in a fiscal year, the minimum basic MOE for that year is 75% of the historic state expenditures. Utah currently meets the minimum work participation rates. "Historic state expenditures" means the State's FFY 1994 share of expenditures in the former Aid to Families with

Dependent Children (AFDC) program. States may also count State funds expended to meet the Child Care and Development Fund (CCDF) MOE requirement as basic TANF MOE expenditures, as long as such expenditures meet the requirements of 42 USC §609(a)(7).

The total annual basic MOE requirement for TANF is \$24,889,000 and is met with state general fund expenditures for the TANF program as well as counting state funds expended to meet the CCDF MOE requirement (\$4,474,900) as basic TANF MOE expenditures and by counting certain third party expenditures.

If a State does not meet the basic MOE requirement for TANF, a penalty results. The penalty consists of a reduction of the State's Federal TANF grant for the following fiscal year in the amount of the difference between the State's qualified expenditures and the State's basic MOE (42 USC §609(a)(7)(A) and 45 CFR §263.8). If application of a penalty results in a reduction of Federal TANF funding, a State is required in the immediately succeeding fiscal year to spend from State funds an amount equal to the total amount of the reduction, in addition to the otherwise required basic MOE. Such expenditures may not be claimed toward meeting the basic MOE requirement (42 USC §609(a) (12); 45 CFR §§263.6(f) and 264.50).

The following chart summarizes the ongoing funding sources and associated annual amounts.

Description	Amount	Explanation
Federal Award	\$75,609,474	Annual TANF award from the federal government
Amount Transferred to Child Care and Development Fund (CCDF)	\$(15,121,895)	Federal regulations allow states to transfer up to 30 percent of the annual TANF grant award to carry out programs under the Social Services Block Grant (SSBG) and/or the Child Care and Development Fund (CCDF). However, no more than 10 percent may be transferred to SSBG, and such amounts may be used only for programs or services to children and their families whose income is less than 200 percent of the poverty level. DWS currently transfers 20 percent of the annual TANF grant award to CCDF and 10 percent of the annual TANF grant award to SSBG.
Amount Transferred to Social Services Block Grant (SSBG) at the Department of Human Services (DHS)	\$(7,560,947)	
Total Federal Funding	\$52,926,632	

TANF Maintenance of Effort (MOE) Requirement	\$24,889,035	The maintenance of effort (MOE) requirement for TANF is either 80 percent or 75 percent of the State's historic State expenditures (42 USC §609(a)(7)(B); 45 CFR §263.1(a)(1)-(2)). "Historic State expenditures" means the State's FFY 1994 share of expenditures in the former Aid to Families with Dependent Children (AFDC) program. If the state meets minimum work participation rates in a fiscal year, the minimum MOE for that year is 75 percent of the State's historic expenditures. Utah currently meets the minimum work participation rates.
Child Care and Development Fund (CCDF) MOE counted towards meeting the TANF MOE requirement	\$(4,474,924)	States may count State funds expended to meet the CCDF MOE requirement as TANF MOE expenditures, as long as such expenditures meet the requirements of 42 USC §609(a)(7). NOTE: If CCDF can't meet its MOE requirement, TANF would need to cover the full MOE requirement (\$24.9 million).
Third Party MOE	\$(3,500,000)	Federal regulations allow states to count certain third party expenditures toward meeting MOE requirements
Total State Funding (General Fund)	\$16,914,111	
Total Annual TANF Funding	\$69,840,743	

DO WE BALANCE?

Questions

34. What are total expenditures and total sources? Do they equal one another?
35. Have all appropriated or authorized resources been expended at year-end?
36. How have nonlapsing appropriation balances (if any) changed over time?
37. Are fees or taxes supporting a function and are those fees or taxes reasonable?
38. Is there significant risk associated with this organization/function, if so, are there proper controls in place?

RESERVE FUND

The Department of Workforce Services reported to the Legislature during the 2014 General Session that it had approximately \$107 million in unspent TANF federal funds, often referred to as TANF reserve funds. The TANF reserve funds grew to approximately \$122.5 million at the end of federal fiscal year 2014. The Department estimated that the reserve would grow by an additional \$30.5 million in aggregate from federal fiscal year 2014 through state fiscal year 2020 for total TANF reserve funds of approximately \$153 million. In response, the Legislature reviewed potential uses of the TANF reserve funds during the 2014, 2015, 2016, and 2017 General Sessions and authorized a total of \$87.2 million for programs that met one or more of the specified TANF purposes. The Legislature also approved intent language in the 2014 General Session directing the Department to actively seek ways to use available TANF funding to increase services to families in need statewide (HB 2, Item 75). The Department determined additional one-time uses of TANF reserve funding through the use of a Request for Grant (RFG) process, resulting in awarding 101 three-year contracts during fiscal year 2015 totaling \$51.2 million. The Department determined additional one-time uses of the TANF reserve funds through an RFG process during fiscal year 2017 and awarded 10 additional multi-year contracts totaling \$6.6 million. The Department estimates the TANF reserve balance remaining at the end of fiscal year 2020 will be approximately \$8.0 million.

The Department expects that TANF base grant (i.e., non-reserve fund) spending in the current and subsequent years will essentially match available revenue sources. TANF base grant spending for fiscal year 2018 is budgeted at \$70,051,000 compared to available federal and state funding for the same time period of \$69,840,743. In addition to the base grant expenditures, the Department anticipates spending approximately \$30,874,000 in TANF reserve funds during fiscal year 2018 for total projected TANF expenditures of \$100,925,000 for the year. The Department was appropriated \$102,131,100 in TANF spending authority for fiscal year 2018. The Department does not collect any taxes or fees to support the TANF program.